

Joint Legislative Audit and Review Committee (JLARC)



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LEGISLATIVE AUDITOR

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SENATORS

Randi Becker
John Braun, *Chair*
Sharon Brown
Annette Cleveland
David Frockt
Jeanne Kohl-Welles
Mark Mullet, *Assistant Secretary*
Ann Rivers

REPRESENTATIVES

Jake Fey
Larry Haler
Christine Kilduff
Drew MacEwen
Ed Orcutt, *Secretary*
Gerry Pollet
Derek Stanford, *Vice Chair*
Drew Stokesbary

December 16, 2015

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REGULAR COMMITTEE MEETING MINUTES

COMMITTEE BUSINESS

- Representative Stanford, JLARC Vice Chair, called the meeting to order at 10:05 a.m.
- *Representative Kilduff made a motion to approve the September 9, 2015 meeting minutes. Motion was seconded and carried unanimously. (See [legislative recording](#) at 0:18)*
- Vice Chair Stanford mentioned that the meeting agenda originally included a discussion of the Workers' Compensation Claims Management Proposed Final Report. The Executive Committee decided that Members lacked sufficient time to consider proposed comments on the report. The Committee will allow for some questions and answers later in the meeting, and will be postponing a vote on the proposed final report until the next JLARC meeting. (See [legislative recording](#) at 0:37)

REPORTS, PRESENTATIONS, DISCUSSIONS

Medicaid Fraud False Claims Act Sunset Review—Proposed Final Report

Legislative Auditor's Conclusion: The Legislature should reauthorize the Medicaid Fraud False Claims Act because it allows the state to pursue additional fraud cases, and recoveries have increased

Mark Fleming of the JLARC staff presented the proposed final report for this study. Medicaid is a joint federal-state program that pays health care providers for services to eligible individuals and families. In some instances providers file false claims, attempting to obtain payment to which they are not entitled. One way Washington combats Medicaid fraud is through civil cases brought by the Attorney General and private individuals acting as whistleblowers under the authority of the state's Medicaid Fraud False Claims Act (FCA). This Act complements state criminal and federal Medicaid fraud investigations. Washington's FCA terminates June 30, 2016, unless reauthorized by the Legislature. **The Legislative Auditor recommends that the Legislature reauthorize the Medicaid Fraud False Claims Act because the Act allows the state to pursue civil cases against Medicaid fraud that it would lack authority to pursue otherwise, and Medicaid fraud recoveries have increased.** (See [legislative recording](#) at 1:17)

Vice Chair Stanford invited representatives from the Office of the Attorney General (Mike Webb, Legislative Affairs Director; Douglas Walsh, Director of the Medicaid Fraud Unit; and Carrie Bashaw, Civil Section Chief of the Medicaid Fraud Unit) to come before the Committee and respond to Members' questions. (See [legislative recording](#) at 8:43)

A motion was made to distribute Medicaid Fraud False Claims Act Sunset Review—Proposed Final Report. Motion was seconded and carried unanimously. (See [legislative recording](#) at 13:56)

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2015 Tax Preference Performance Reviews—Proposed Final Report

Vice Chair Stanford reminded the Committee that they will hear the proposed final report on 2015 Tax Preference reviews today, but will postpone a vote on the report until the next JLARC meeting when the Committee has had additional time to consider comments on the report.

John Woolley, Dana Lynn, and Eric Whitaker of the JLARC Staff presented the Proposed Final Report of the 2015 reviews. Statute directs JLARC to conduct annual performance audit reviews of Washington's tax preferences. JLARC's first tax preference reviews were completed in 2007. This 2015 report includes reviews of 20 tax preferences combined into 13 reports. All tax preference performance audit reviews place an emphasis on whether the preference has met its public policy objectives. The presentation focused on the seven preferences that the Citizen Commission included comments on related to the Legislative Auditor's recommendations. (See [legislative recording](#) at 14:31)

Vice Chair Stanford invited Bill Longbrake (Chair) and Grant Forsyth (Member) of the Citizen Commission for the Performance Measurement of Tax Preferences to come before the Committee with their comments and thanked them for their service. (See [legislative recording](#) at 35:08)

K-12 Health Benefits—Preliminary Report

Legislative Auditor's Conclusion: Consolidation and other options are available to the Legislature to improve equity and affordability of full-family health care coverage for K-12 employees

John Bowden and Steven Meyeroff of JLARC Staff presented the preliminary report for this study. In 2012, the Legislature set goals of greater equity between premiums for full-family and employee-only coverage and greater affordability for full-family health benefit coverage. School districts have made slight improvement toward the Legislature's affordability goal that states that health insurance premiums for full-family coverage should not be more than three times the premiums for employee-only coverage. However, in the 2013-2014 school year, only 27 out of 295 districts met this ratio. In addition, not all districts comply with other legislative requirements that could improve affordability for family coverage. Consolidation of benefits under the Health Care Authority and other options may improve equity and affordability, however options have impacts on employer costs and local decision making. (See [legislative recording](#) at 42:27)

Other Discussion

Vice Chair Stanford invited JLARC Staff and a representative from the Department of Labor and Industries to answer questions related to the Workers' Compensation Claims Management Proposed Final Report, which was presented at the September 9, 2015 JLARC meeting. Rebecca Connolly of JLARC staff and Vickie Kennedy, Assistant Director for Insurance Services at the Department of Labor and Industries, responded to Members' questions. (See [legislative recording](#) at 1:37:54)

Vice Chair Stanford reminded Committee members of the I-900 Subcommittee meeting later in the afternoon.

With no further business before the Committee, the Vice Chair adjourned the meeting.

ATTENDANCE

JLARC Members Present: Senators Randi Becker, David Frockt, Mark Mullet and Ann Rivers; Representatives Jake Fey, Christine Kilduff, Drew MacEwen, Ed Orcutt, Gerry Pollet, Derek Stanford and Drew Stokesbary.

JLARC Staff Present: Keenan Konopaski, Legislative Auditor; John Bowden, Linda Byers, Rebecca Connolly, Ashley Elliott, Mark Fleming, Stephanie Hoffman, Zane Kelley, Dana Lynn, Steven Meyeroff, Rachel Murata,

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Suzanna Pratt, Marilyn Richter, Emily Schroeder, Melanie Stidham, Liz Thomas, Pete van Moorsel, Eric Whitaker, Valerie Whitener, and John Woolley.

ADJOURNMENT

The meeting was adjourned at 11:58 a.m.

CHAIR

VICE CHAIR